



Director of
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SITUATION REPORT

IRAN

Ayatollah Beheshti's remarks on the hostage issue yesterday reflect an apparent desire to keep his political options open.

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The Islamic Republic Party chief commented that it might be possible to pardon the hostages without a trial, if a political resolution of the crisis could be reached. He added, however, that the National Assembly might not consider the issue until June or July.

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An astute politician, Beheshti is likely to follow shifts in the public mood closely. He is careful to avoid taking an unambiguous position on the hostages that could leave him open to criticism. His maneuvering reflects his judgment that his party's political survival depends upon continued support from the Iranian masses.

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Relations With Iraq

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Both countries, however, continue to exchange propaganda attacks. Tehran Radio yesterday evidently called for a "holy war" to overthrow the regime in Baghdad.

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Iraqi President Saddam Hussein in turn is calling for Iranians to overthrow Khomeini and is demanding that Iran agree to restore Iraq's full sovereignty over the waterway between the two countries. The Iraqi leader also is saying that Iran must withdraw from the three disputed islands in the Persian Gulf and acknowledge the rights of Iran's Arab minority in Khuzestan Province. [REDACTED]

[REDACTED]
nearly all members of the diplomatic community there have concluded that Iraq neither wants nor expects a wider war with Iran. The Iranians' inferior military position makes it unlikely they will initiate major hostilities. The level of emotion on both sides is high, however, and minor border clashes could easily lead to a confrontation. [REDACTED]

Ghotbzadeh's moderate comments may have been in preparation for a trip to various Arab countries now apparently scheduled to begin Saturday. He had postponed a trip to Syria and Algeria, and press reports indicate he now may also visit Lebanon, Bahrain, and Kuwait. [REDACTED]

EC Meetings on Iran

The EC political directors--at the request of Italy and France--are meeting in Rome this afternoon to lay the groundwork for the EC foreign ministers' session next Tuesday on Iran. Meanwhile in Strasbourg, the EC Commission is expected today to recommend to the foreign ministers an EC embargo on exports to Iran. [REDACTED]
[REDACTED]

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BRIEFS AND COMMENTS

USSR: May Day Slogans

This year's May Day slogans of the Central Committee deemphasize the importance of relations with the US and reflect the increasingly harsh note in recent Soviet pronouncements on foreign policy issues. []

The absence of any reference in the slogans to the Soviet peace programs of 1971 and 1976 or to the Conference on Security and Cooperation in Europe suggests a tougher Soviet stance toward issues associated with detente. The appeal to the "people of the US and Canada" for cooperation has been dropped, and the reference to detente is in the context of struggling against the "threat of a new world war." The usual call for the "nonuse of force" has also been dropped. []

The slogans on both Afghanistan and Iran have been changed in ways that point to greater Soviet equity and concern in the region. Afghanistan is now credited with "courageously defending the achievements of the April revolution" instead of last year's reference to the "path of building a new society." The reference to Iran's struggle against "imperialist interference" highlights the threatening Soviet view of that situation. A slogan on India has been added, reflecting Moscow's concern for strengthening ties with Prime Minister Gandhi's regime as a counter to regional opposition to the Soviet role in South and Southwest Asia. []

The Soviets' slogan on Europe indicates that they will intensify their efforts to create frictions within NATO. Instead of the usual reference to "imperialist plans" for deploying new weapons on the continent, this year's slogan puts the onus on the US by referring to "new American nuclear-missile weapons." The reference to the "aggressive intrigues" of the "imperialists and hegemonists" also suggests a more threatening international environment than last year's slogans. []

Certain slogans on domestic issues indirectly suggest that there will be even more belt-tightening than usual for the Soviet consumer. For the first time in several years, there is no reference to satisfying the consumer needs, but there is greater emphasis on heavy industry and machine building. []

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USSR - WEST GERMANY: Invitation to Schmidt

The announcement on Wednesday by a West German Government spokesman that Soviet President Brezhnev has invited Chancellor Schmidt to make his long-planned visit to the USSR this summer indicates that, despite Bonn's decision to support the Olympic boycott, Moscow wants to forestall any further deterioration in bilateral relations.

The visit had appeared likely to fall victim to the strains that developed in relations following the invasion of Afghanistan.

The Soviets have repeatedly warned Bonn that a determining factor in bilateral relations would be its decision on the Olympics.

Recent Soviet statements have reaffirmed that a West German decision favoring the boycott would provoke a critical response from the USSR.

Soviet Ambassador Semenov hinted to West German journalists on Monday that a boycott decision would provoke a political reaction in the USSR, but he stressed that the Soviets would not be diverted from "our strong and firm course" in pursuit of detente.

Although unhappy about a West German boycott, the Soviets apparently are more concerned about protecting the Soviet - West German economic relationship.

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CHINA-US: Comments on Iran

Beijing has again urged the US to exercise restraint toward Iran. []

A commentary published in *People's Daily* on Sunday stated that the US decision to break diplomatic ties and the "strong reaction" in Iran "will bring further deterioration in US-Iranian relations which is obviously not in the interests of both countries." The commentary reiterated Beijing's principal concern that the US and Iran avoid giving the Soviets any opportunity that they can exploit. []

On the same day the *Xinhua* news agency described Soviet tactics designed ultimately to gain control over Persian Gulf oil sources. The report cited Western media claims that Soviet forces could seize Iranian oil-fields and Tehran before the US could take effective counteraction. []

The Chinese have sent a new ambassador to Tehran and are likely to continue efforts to cultivate Iran while distancing themselves from US sanctions. Beijing has avoided a hectoring tone in counseling US restraint, while appealing to the US and Iran to pursue a peaceful settlement. []

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ZIMBABWE: Short-Term Outlook

On the eve of independence, the short-term prospects are good for Zimbabwe.

Prime Minister Robert Mugabe's conciliatory posture toward his former adversaries and his moderate policy positions have reassured the country's whites, Western investors and donors, and South Africa. Moreover, his landslide victory in the election and his credentials as a nationalist leader should enable him to meet black demands for change at a moderate pace.

Despite these factors, Mugabe faces some serious problems:

- The integration of the former Rhodesian security forces with his and Joshua Nkomo's guerrilla armies into a new national army will be a difficult task.
- Militants in Mugabe's highly factionalized party and army will want recognition of and rewards for their long years of fighting; some believe that Mugabe is being overly accommodating toward Nkomo and the whites.
- Nkomo, who is the leader of the important Ndebele-speaking minority, may become frustrated with his subordinate position as Home Minister and seek to undermine Mugabe.

We do not expect these problems to bring down the new regime in the short term, and they may be averted over the longer term. If Mugabe were assassinated or if there were a large-scale white exodus, the political situation would unravel.

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UK: Strategic Deterrent

The Thatcher government almost certainly will procure Trident missiles from the US as the major part of an effort to maintain the UK's nuclear deterrent. [redacted]

The government wants to retain a credible strategic deterrent to support its new foreign policy activism, but details have not been revealed in the new annual defense white paper. The recently announced "Chevaline" program is designed to extend the effectiveness of the Polaris system for more than another decade, but Polaris, like the aging British bomber fleet, is approaching obsolescence. [redacted]

A successor to the Polaris will have to be announced within the next few months. Trident missiles fitted with warheads will almost certainly be the choice. In launching the \$10 billion replacement program, the British probably will build five new submarines, each capable of carrying at least 16 missiles. A Trident capability would permit the UK to strike deeper into Soviet territory. [redacted]

Selection of the Trident will not preclude the option of turning to cruise missiles. The new Tornado aircraft, to be phased in during the early 1980s, can carry two cruise missiles. The UK, moreover, has a large fleet of modern surface ships capable of carrying cruise missiles, with more on order. The adoption of the underwater-launched Trident ballistic missile makes it unlikely that London would equip submarines with cruise missiles. [redacted]

Since the UK's final announcement will be keyed to its own national deterrence program, opting either for Trident or cruise missiles--or both--would not affect NATO's theater nuclear force modernization and arms control program. Although basing details must still be worked out, the government has agreed to the stationing of 160 US cruise missiles in the UK. [redacted]

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LIBERIA: Cautious Optimism

The security situation in Monrovia remained stable yesterday, and the government bureaucracy is functioning; however, a severe rice shortage could occur.

Business returned to near normal, although banking restrictions are hampering activity somewhat. The trials of former government officials reportedly have begun, but the outcome is not known. Former Foreign Minister Joseph Chesson was the first to appear.

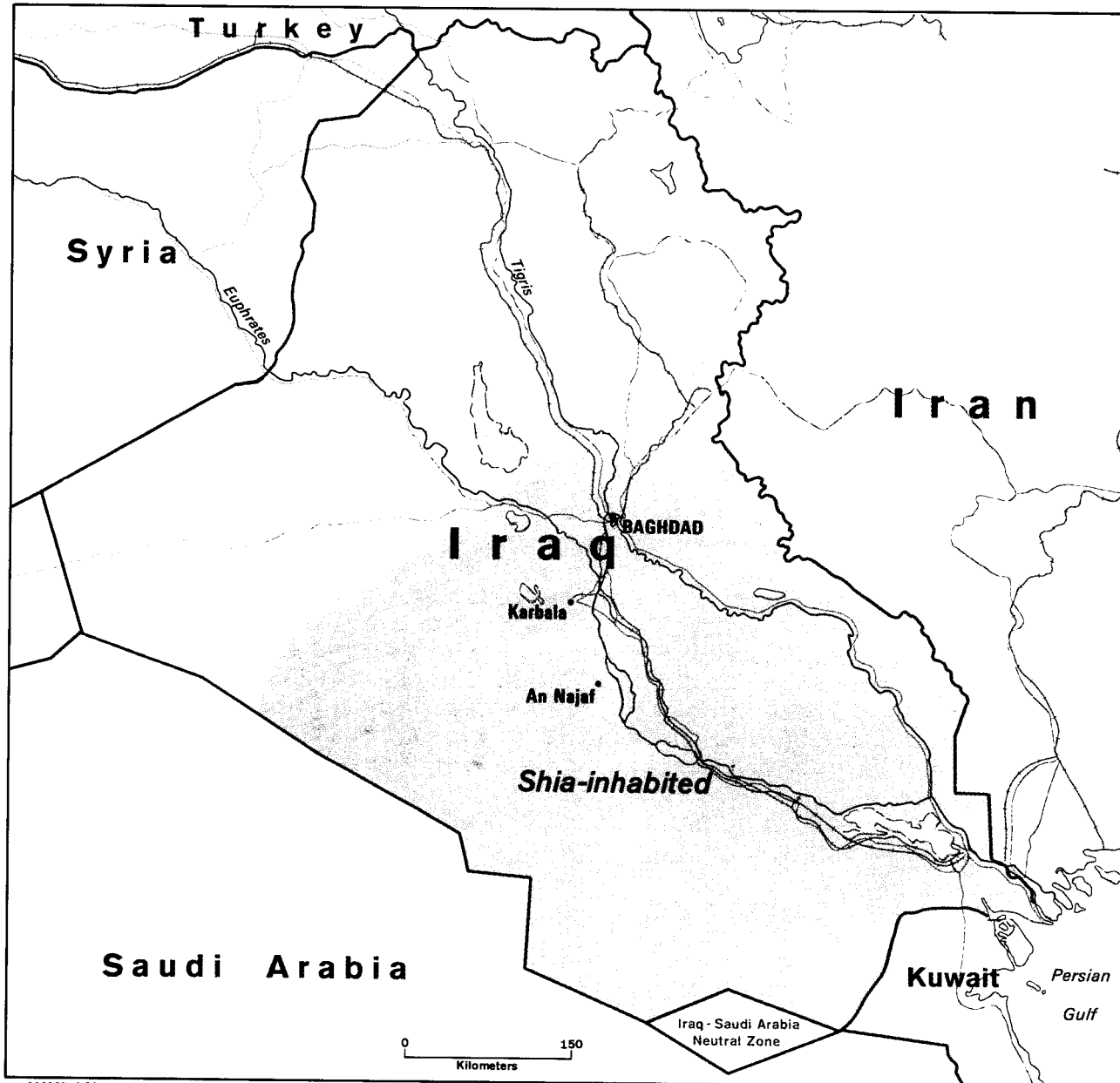
The ruling military council is taking a relatively low-keyed role in the activities of the civilian side of the government.

the majority of ministers are competent, and most are supported by experienced staffs that were retained from the former administration.

The threat of a critical shortage of rice remains. Although the Liberian Government has taken some steps to secure new supplies, for about 10 days at the end of this month supplies will be depleted until new shipments have arrived. Such a shortage could seriously undermine the popularity and credibility of the Doe government and raises the threat of further violence.

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IRAQ: Crackdown on Shia Opposition

The government is mounting a campaign to suppress Shia Muslim dissidents, who are being encouraged by Iranian civilian and religious leaders. [redacted]

Both antiregime violence and Baathist efforts to repress it have increased since the assassination attempt on a senior Iraqi official on 1 April. Antigovernment incidents have occurred in Baghdad and in the predominantly Shia southern part of the country, including the religious centers at Karbala and An Najaf. [redacted]

[redacted] a number of Iraqi military officers were executed recently for pro-Khomeini proselytizing in the armed forces. Other arrests and executions may have taken place. Iraq has expelled perhaps as many as 17,000 Shias of Iranian ancestry over the past several days. [redacted]

The government announced last week that any Iraqi associated with the Da'wa Party, an extremist Shia organization, will be executed. Baghdad claims the group has ties with Iran, Iraqi Kurdish rebels, and Communists and says that it has seized arms and explosives belonging to the organization. [redacted]

The reputed head of the party, Ayatollah Baqr Sadr, has been under house arrest since last June but may recently have been moved to a prison in Baghdad. Rumors circulated this week that he had been executed. Sadr's death at the hands of the Iraqi regime would hand Shia activists and their Iranian backers an emotional issue around which they could rally support and could set off the antiregime outburst in Iraq that Iranian leaders have been calling for. [redacted]

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COLOMBIA: Possible Negotiating Error

President Turbay appears to be in a no-win situation. Apparently in response to foreign pressure, he permitted the terrorists in the Dominican Embassy to establish contact with their imprisoned leader, whose release has been the terrorists' key demand. Turbay had hoped that the leader would agree that his followers had accomplished most of their goals and should now leave Colombia. [REDACTED]

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The terrorist leader, however, reportedly has recorded a message urging the terrorists to stick to their demands. If the terrorists are allowed to receive the message, they almost certainly again will harden their negotiating position. If Turbay does not pass them the response, he will be accused of bad faith and will risk having the negotiations stall entirely. [REDACTED]

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CUBA-PERU: Impasse Broken

Two Costa Rican aircraft carrying 235 of some 10,000 Cubans who had sought political asylum at the Peruvian Embassy in Havana arrived yesterday in San Jose, marking the beginning of a regular shuttle between the two capitals. In addition to the US, six other countries have agreed to accept a total of 6,300 Cubans. Argentina, Portugal, and Belgium have indicated they may accept small numbers of the remainder. Some 20 Western Hemisphere and West European nations--citing adverse domestic political repercussions, economic reasons, and concern that Cuban agents have been placed among the refugees--have refused to accept any. [REDACTED]

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USSR: Economic Denial Program

A 1.6-million-ton increase during the past week in confirmed grain sales to the USSR still leaves the Soviets roughly 12 million tons short of their pre-embargo target of grain import deliveries for the year ending 30 September 1980. The increase, which brings total confirmed sales to 7.2 million tons, includes 1.1 million tons of Argentine corn and sorghum and 400,000 tons of Romanian corn. A recent statement by the director of the USSR's grain procurement agency calling into question the status of the Long-Term Trade Agreement with the US appears designed to create pressure on the US to relax the embargo. The Soviets have a large need for grain to support their livestock program, and we doubt that they are willing to forego US grain supplies at this time.

[redacted]

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CHINA: Key Political Appointment

The appointment yesterday of Zhao Ziyang--a close associate of Deng Xiaoping--as one of two new Vice Premiers was expected after the party plenum in February confirmed his rise to the top level of Politburo leadership. When the full National People's Congress session convenes in August, Zhao may be elevated to the position of senior vice premier, now held by Deng, or to the premiership, currently held by party chairman Hua Guofeng.

[redacted]

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EASTERN EUROPE: Slowing Economic Growth

Economic growth slowed last year in all six East European countries that belong to the Warsaw Pact. According to Western estimates, growth rates ranged from 3.5 percent in Romania to zero in Poland. The overall slow growth was caused by a continuing falloff in productivity gains in industry, by curbs imposed on imports to help reduce mounting payments deficits with hard currency countries, and by last year's bad weather that adversely affected East European agricultural production.

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MALI: Setback for Opposition

President Traore apparently put down a challenge to his rule last week when his principal opponent, party leader Colonel Diarra, was sent to East Berlin ostensibly for medical treatment. Traore remains on shaky ground, however, as Mali's economy continues to deteriorate and as many junior Army officers support Diarra.

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SPECIAL ANALYSIS

SYRIA: Assad's Problems

In a major policy change, Syrian President Assad has embarked on a massive campaign of repression that will further erode his power base and intensify sectarian animosities. Assad's decision apparently was the result of a month-long controversy within the leadership over how to contain growing civil unrest.

Earlier this month, Assad reportedly became convinced that his policy of restraint was not working and yielded to demands from his brother, Rifaat, and from senior generals of his minority Alawite regime that he take strong action. Rifaat, commander of the elite Defense Companies, now is said to have overall command of a crackdown designed to cow the regime's opponents.

Numerous arrests and house-to-house searches in Hamah and Aleppo seem to have had the desired effect, and the curfew has been lifted in those cities. Harsh measures apparently are also being used in Latakia.

Rifaat's dominant role probably has resulted in local abuse and excessive use of force. Stories of atrocities committed by his Alawite troops against prominent Sunnis in Hamah are spreading, and the ultraorthodox Sunni community there almost certainly will call for revenge killings of Alawites.

Assad may be able to reverse his declining fortunes for now, but his options will inevitably narrow at home and abroad. Resort to force will engender greater opposition in the majority Sunni Muslim community to Assad, which in turn will be met by greater repression.

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To draw attention away from his growing domestic problems, Assad probably will take an even harder line against the US-sponsored Middle East peace process. His ties with other countries will decrease, except for contacts with a few radical Arab states and the USSR. [redacted]

Regional Implications

Other Arabs believe Assad is in serious trouble and are looking for ways either to protect themselves from spillover effects or to expand their influence at Syria's expense. Jordan and Fatah, the largest Palestinian group, are settling their differences, and both seem to be moving closer to Iraq, although Fatah is taking a more cautious approach. For their part, the Iraqis are expanding their contacts and influence in Lebanon and may have increased their support for Assad's domestic opponents. [redacted]

The Israelis' perception of growing instability in Syria and concern about Soviet influence there will make the Begin government more resistant to concessions in the Palestinian autonomy negotiations with Egypt. Syrian instability also will reinforce the conviction of Prime Minister Begin and his coalition allies that Israel must continue to control the West Bank. [redacted]

Egypt's President Sadat probably is pleased to see one of his most outspoken critics in trouble, but at the same time almost certainly is concerned about possible adverse regional effects. The Egyptians and the Saudis fear the effects that Syrian unrest could have on Jordan and that Moscow may expand its military presence to protect Assad. Some Egyptians also worry about the possibility of an Israeli preemptive strike against Syria and the pressure that would ensue for Egypt to aid a fellow Arab. [redacted]

The Jordanians and the Palestinians will be still less willing to risk entering peace talks while Syria is in turmoil. While they welcome increased room for maneuver, they remain reluctant to act decisively until it becomes clear that Assad will survive or the policies of a successor regime have been worked out. [redacted]

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Lebanon will have a chance to assert greater independence from Syria as long as Assad is preoccupied with domestic problems. If the Syrians have to withdraw most of their troops from Lebanon, however, Lebanon will face the prospect of renewed civil war. [REDACTED]

Outlook

If Assad were overthrown, we would have little or no warning. Fellow Alawite military officers who want to preserve their dominance pose the greatest threat to Assad. A joint Alawite-Sunni officer coup is possible, but it is less likely because of sectarian animosities. [REDACTED]

There is no obvious replacement for Assad. At the outset, virtually any successor would be more unpredictable and probably more radical than Assad. [REDACTED]

Syria could easily revert to the pattern of chronic instability that existed before Assad's assumption of power. This situation could lead to increased tension with Syria's neighbors, especially Israel. A weak successor would be unable to propose or respond effectively to major foreign policy initiatives and might seek a limited military confrontation with Israel to unite the country. [REDACTED]

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